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CENTRAL INTELLIGENCE AGENCY

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## INFORMATION REPORT

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1. On 20 October 1950 a meeting took place in the Main Department Chemical Products dealing with the problems of the Soviet Zone basic chemicals industry. The situation of the plants of the VVB (Z) Alcid especially was under debate, as the most important plants of the basic chemicals industry are combined in the VVE (Z) Alcid. The report of the chief manager of the VVE (Z) Alcid, Schoene, (fnr), gave a very unfavorable overall picture of the situation of the plants under his control. According to him, neither raw materials nor machinery and repair material are delivered in sufficient quantity and quality to fulfill the set production targets and to carry out on schedule the tasks set in the Five-Year-Plan.
2. The Soviet Zone requirements of phosphorous fertilizer cannot be met. The shipments of Kola apatite from the U.S.S.R. are completely inadequate. However, an increase of the Soviet apatite deliveries would only be possible if the installations on the Kola Peninsula were expanded. The shipments of crude phosphate from Morocco have been very irregular. Western import arrangements are very doubtful owing to the present political situation. The expansion of the Ruedersdorf (K 53/V 01) Phosphate Plant can be continued only very slowly and not on schedule because of the critical shortage of machinery and equipment. \*
3. The plight of the sulphuric acid industry is serious. The import of pyrites from the western countries is completely inadequate and meets with great difficulties. The growing political tension may soon stop western pyrite imports completely. The Soviet Zone domestic pyrite deposits near Elbingerode (K 52/D 15) are largely exhausted and yield only ores with sulphur content below 30 percent. As a consequence, the Soviet Zone sulphur furnaces cannot be operated without special mixtures of high-grade sulphur ores. A certain improvement may be reached by a better flotation of the pyrites in Elbingerode, an improvement which is expected to increase the sulphur content of the ores to at least 40 percent. However, it will not basically change the critical situation in the Soviet Zone sulphuric acid industry. The only solution will be the production of sulphuric acid according to the Gypsum process (Gipsverfahren) in Wolken (K 52/E 11). \*\*
4. The soda and caustic soda production of the Soviet Zone is completely inadequate. \*\*\* The plants involved in this production are scheduled to be

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expanded in 1951. Investments in this production sphere will be particularly profitable, because domestic resources promise to make the Soviet Zone self-sufficient in this field. However, the improvement of the electric power supply will meet with great difficulties. Another problem is the maintenance of the antiquated plant installations with most inadequate tools and equipment. There is even a shortage of rivets and nails. The constant shortage of welding electrodes is a particular disturbance to production. Also the best ideological training cannot blind the work force to the shortage of repair material.

5. The Soviet Zone chemical industry cannot rely on shipments of machinery, instruments, and other equipment from the U.S.S.R. and the other Eastern Bloc countries. Even Czechoslovakia cannot in the least replace the deliveries from West Germany. Precision mechanical instruments and optical products cannot be supplied at all by the Western Bloc countries. The deliveries demanded by these countries from the Soviet Zone are greater than the appropriate exchange deliveries possible.
6. The training of apprentices is not properly handled. Really efficient young workers who have proved to have the necessary talent for university studies have been retained in the plants mostly because of the plant's pride while young workers who frequently have shown poor efficiency were proposed for university training only because of their social **background**.

25X1A \* [REDACTED] Comment. The construction of the plant for phosphorous fertilizer in Niedersdorf was started early in 1950 and managed by Dr. Schactzel, (fmu). Production was scheduled to begin on 1 October 1950. However, production probably did not start before 1951 because the Polysius SAG Machine Construction Plant had to comply with urgent reparation orders and therefore could not deliver the large rotary tubular kilns ordered by the Niedersdorf Plant.

25X1A \*\* [REDACTED] Comment. Most of the gypsum-sulphuric acid installation of the Parthen Plant in Witten, an enterprise of the SAG Kraska, was destroyed during the war. The reconstruction of this installation started early in 1950. The time needed for reconstruction is estimated at one to one and a half years. To date, no confirmatory report has yet been received that sulphuric acid production has started in this installation.

25X1A \*\*\* [REDACTED] Comment. Since the Soviets completely dismantled the Solvay Plant in Lernburg (K 22/D 76), the two remaining soda factories in Stassfurt (K 32/D 63) and Buchenau (L 51/C 65) have been unable to meet the Soviet Zone requirements.

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